

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 01838 281355Z
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 /097 W
-----281458 072823 /44

R 281230Z FEB 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 1432
INFO AMEMBASSY ABU DHABI
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY DOHA
AMCONSUL DHAHRAN

C O N F I D E N T I A L TEHRAN 1838

EO 11652: N/A
TAGS: ENRG, IR
SUBJ: IRANIAN OIL OFFENSIVE

REF: TEHRAN 1757

1. YESTERDAY IRAN'S OPEC MINISTER JAMSHID AMOUZEGAR DISCUSSED THE TWO-TIER PRICE SYSTEM WITH REPORTERS. THRUST OF HIS COMMENTS, WHICH RECEIVED BROAD COVERAGE ON THE RADIO, ON TV AND IN THE PRESS, WAS THAT THE WISDOM OF IRAN AND THE OTHER MEMBERS OF OPEC ELEVEN HAD BEEN VINDICATED. SPECIFICALLY, AMOUZEGAR CHARGED THAT SAUDI OIL WAS SELLING IN THE MARKET AT \$12.60/BBL, OR 9 PERCENT HIGHER THAN THE JANUARY 1977 PRICE, AND THAT YAMANI COULD NOT THEREFORE CONTINUE TO BELIEVE THAT HIS ACTIONS WERE PROTECTING OR HELPING WESTERN CONSUMERS OR ECONOMIES. SAUDI ARABIA, HE SAID, IS CHARGING \$12.09 PER BARREL (5 PERCENT INCREASE) BUT SAME OIL IS BEING MARKETED FOR \$12.60. HE SAID HE HAD NO IDEA "WHO IS POCKETING THE DIFFERENCE." AMOUZEGAR ALSO REPEATED CLAIM THAT YAMANI HAD BEEN FRUSTRATED IN HIS BID TO ESTABLISH LINKAGE BETWEEN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 01838 281355Z

OIL PRICES AND THE ARAB-ISRAELI PROBLEM. ACCORDING TO PRESS ACCOUNTS, IRAN'S OPEC MINISTER ALSO "THANKED ALLAH FOR THE COLD WEATHER IN THE U.S." WHICH HAD BOLSTERED DEMAND FOR IRANIAN HEAVY CRUDE. AMOUZEGAR CONCLUDED WITH "WARNING" THAT IF SAUDI ARABIA AND U.A.E. DO NOT AGREE TO A COMPROMISE INCREASE OF 10 PERCENT, THE OPEC ELEVEN WILL RAISE THEIR PRICES AN ADDITIONAL 5 PERCENT IN JULY.

2. IT APPEARS TO US THAT AMOUZEGAR'S STATEMENTS AND THE ATTENDANT PUBLICITY GIVEN THEM MAY REFLECT THE EUPHORIA GENERATED BY THE HIGH LEVEL OF OIL PRODUCTION AND EXPEORTS RECORDED DURING EARLY FEBRUARY (REFTEL). HOWEVER, NIOC OFFICIALS (AND PROBABLY OTHERS IN THE GOVERNMENT) ARE CONCERNED ABOUT POTENTIAL ADVERSE EFFECTS OF WHAT AMOUNTS TO PREMATURE BOASTING. DESPITE THE RESPECTABLE OIL PRODUCTION/EXPORT LEVELS OF JANUARY AND THE SURPRISING INCREASES OF FEBRUARY, INDUSTRY SOURCES (BOTH IN NIOC AND FOREIGN) CONFIDENTLY PREDICT A DOWNTURN IN MARCH. NOT SURPRISINGLY THEREFORE, THERE SEEMS TO BE A CONSIDERABLE OPINION THAT IRAN SHOULD AVOID UNNECESSARILY ANTAGONIZING THE SAUDIS AND U.A.E. BY STATEMENTS SUCH AS AMOUZEGAR'S. IT CAN ALSO BE ADDED, OF COURSE, THAT SINCE THE CONCLUSION OF THE DECEMBER OPEC MEETING, THE GOI HAS DEMONSTRATED A GREAT LACK OF CONCERN OVER THE POSSIBLE PSYCHOLOGICAL IMPACT ON THE SAUDIS OF ITS STATEMENTS, E.G. WITNESS THE VITUPERATIVE PRESS ATTACKS ON YAMANI IN EARLY JANUARY WHICH WERE CONDONED IF NOT INSPIRED BY THE GOI.

MIKLOS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRESS CONFERENCES, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN01838
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770068-0860
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977021/aaaaaxe.tel
Line Count: 82
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c1371fbf-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TEHRAN 1757
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3228212
Secure: OPEN
Status: NATIVE
Subject: IRANIAN OIL OFFENSIVE
TAGS: ENRG, IR, (AMOUZEGAR, JAMSHID)
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/c1371fbf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009